The Economic Role of Service Centers in Maine

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Maine has almost five hundred municipalities but most of them are places where people live, not places where people work. The vast majority of goods and services transactions are concentrated in 77 municipalities called Service Centers. These are towns and cities where most Mainers work and where Mainers do most of their shopping. Service Centers also host almost all of our hospitals, institutions of higher learning, and cultural and social institutions. The State Planning Office is required to update the list of service center towns every ten years according to a specific methodology and set of criteria.

Classic large Service Centers include Ellsworth, which has been the center of commerce for Hancock County for decades, and Bangor, which is the third largest city in Maine and attracts shoppers from all over Eastern and Northern Maine. Smaller service center towns include Calais, Ashland, and the twin towns of Rumford and Mexico.

The following table compares Service Center municipalities to other municipalities in Maine:

Estimated Service Center Share of Jobs, Wages, and Taxes in 2008			
Category	Service Centers	Other Municipalities	% in Service Centers
	Total	Total	
Retail Sales	\$11,721,868,000	\$3,281,396,500	78%
Jobs	448,960	141,857	76%
Jobs in Services	322,012	76,362	81%
Wages	\$16,781,596,669	\$4,495,105,769	79%
Income Taxes*	\$771,953,447	\$206,774,865	79%
Sales Taxes**	\$609,537,136	\$170,632,618	78%
Property Taxes^	\$1,008,617,095	\$954,552,328	51%
Revenue Sharing Contributions***	\$69,074,529	\$18,869,684	79%
Revenue Sharing Received	\$78,037,212	\$54,472,800	59%
Total Value of Tax Exempt Property	\$10,783,786,631	\$5,194,355,631	67%
*Estimate using Wages and Effective Tax rate of 4.6%			
**Estimate using Retail Sales and Effective Tax rate of 5.2%			
^Property Tax Commitments			
***5% of combined income and sales tax estimates (estimate does not include service provider taxes or			
corporate income taxes)			

Service Centers contain 78% of retail sales, 76% of all payroll jobs, and 79% of all payroll wages. In addition, 79% of income taxes and 78% of sales taxes originate in service centers. Service centers are also positive net contributors to the state's system of municipal revenue sharing: they pay in more than they get out.

These statistics demonstrate that service centers are critical to Maine's economy. They supply well over three quarters of the horsepower needed to drive Maine's economy while receiving less than 51% of all property tax revenue when revenue sharing is accounted for.

In Maine, as in most areas of the nation, the capacity of municipalities to provide services to local residents has been strained by sprawling low-density development since the transition into the post-WWII era. The per-person cost of providing services increases as people spread out within a municipality's boundaries. Service Centers whose populations move out of town and into the suburbs face the additional challenges of maintaining underused infrastructure with reduced residential property tax growth and providing services for people who work in town but pay property taxes in another community.